

Nantucket Short Term Rental Working Group

Meeting Summary

December 12, 2022 | 6:00 PM – 8:00 PM ET

Meeting Objectives

- Understand the public's concerns about Short Term Rentals
- Elicit input about the initial proposal(s) in progress by the STRWG

Welcome & Overview

Stacie Smith, Consensus Building Institute, welcomed the public to the first public session of the Short-Term Rental Working Group (STRWG). She reviewed the meeting objectives, agenda, and ground rules. She explained that input from this public meeting will help inform the STRWG more about the perspectives of residents, homeowners, and visitors. While participants at this meeting do not represent a statistical sample or distribution of all the views, the meeting provides an opportunity for community members to share their experiences with Short Term Rentals (STRs) on Nantucket and their thoughts on the STRWG ideas discussed so far.

Stacie provided an overview of the mandate of the STRWG, which was adopted by Town Meeting last May to resolve divergent approaches to addressing STRs, and introduced the members, who were appointed by members of the Select Board, Financial Committee, and the Planning Board. The group is charged with reaching agreement on data and seeking a consensus approach to managing STRs on Nantucket, in supplement to Article 39 and the new Health Regulations.

To see the full list of WG members and alternates in attendance, please see Appendix A.

Participant Demographics.

The Public Input session had 284 people register for the zoom meeting. In the registration survey, people were asked to give information about their relationship to Nantucket, their neighborhood, their property ownership status, and their relationship to STRs (usage). The following is the registration demographics of the 183 people who attended the zoom meeting:

What is your relationship to Nantucket?

- Seasonal Resident: 89
- Year-Round Resident: 66
- Visitor: 4
- Other: 24

Neighborhood:

- Airport, Boulevard, Brant Point, Broadway, Cisco, Cliff, Bionis, Downtown, Fairgrounds, Golfview Drive, Hinckley, Historic District, Hummock Pond Road, Hussey Farm, Lower Cliff Rd., Madaket, Main Street, Miacomet, Mid Island, Milk Street, Monomoy, Nashaquisset, Naushop

Property Ownership Status:

- Property Owner: 160

- Renter: 10
- Other: 13

Relationship to STRs:

- Business Owner
- Local Business Consultant
- STR owner
- Renter
- Concerned Neighbor
- Real Estate Professional
- Family Member/Relative
- Neighbor
- Former Owner
- Landlord
- All of the above, multiple relationships

Small Group Discussion #1

In order to allow members of the public to have meaningful conversations, participants were given prompts and divided into breakout groups of 5-8 people each. The questions for the first breakout session was: *What experiences have you had with STRs on Nantucket? How have they affected you, personally, and what has this meant to you? What hopes or concerns do you have about the future of STRs on Nantucket?*

Participants had about 35 minutes to discuss these questions amongst themselves. The STRWG members were designated note-takers for their groups, and all other groups were tasked to assign someone to capture to the conversation. Notetakers submitted highlights from their discussions through a google form or via email. The following is a synthesis of key themes that were documented from those conversations.

Connection to Nantucket + Neighbors

Many participants expressed their deep love, connection, and appreciation for Nantucket. Many felt that Nantucket has a strong sense of community and relied on neighbors coming together and supporting each other and caring for the island. Many felt concerns about the divides the debates about STR's have caused between neighbors and feel the divisiveness of this issue has harmed community relationships. At the same time, some felt that the proliferation of STRs was diluting the sense of community within neighborhoods, especially those owned by outside corporations.

Corporate Ownership

There was strong support for limiting corporate ownership of STRs. Many community members expressed concerns about commercial entities and professional investors buy and renting Nantucket real estate for profit. They felt that cooperate ownership was changing the landscape and culture of renting on the island and beyond. Many were also concerned that they were buying homes that should be reserved as residential properties. There was consensus in many groups that absentee ownership, described as property ownership without "boots on the ground," or a personal connection to the island, was detrimental to the fabric on the community. Many agreed that STRs that were owned and operated by someone with a "connection to the island" were preferred. One participant suggested that "neighbors helping neighbors identify absentee investor-owned rentals" could help solve this problem. Some also noted that cooperate owners are not good landlords, and let their properties sit empty. Others acknowledged that "cooperate money moves the island," and that people come to Nantucket to make money, which can discourage

individual investors and change the landscape of Nantucket. Some participants felt that cooperative ownership could be okay if the properties were being used to house Nantucket employees. Others did not sense a large corporate presence on the island.

Several groups felt that more data about corporate ownership was needed. Some of the questions that were raised include: Are corporate owners driving up the price of real estate? What is the percentage of houses owned by "corporations" with multiple properties? What percentage of STR profits go to corporate real estate investors? How is Nantucket benefitting from commercial groups?

Wealth Considerations

One group noted that anti-STR "ultra-wealthy billionaires" were trying to push out millionaire homeowners (who needed the rental income). Some groups noted that they felt that proposed STR regulations catered to larger organizations or companies/stakeholders with deep pockets but would harm those without that level of personal wealth. Some participants believed that regulation is necessary, but noted that it should take into account the needs of property owners and not just cater to large organizations or companies.

Available and Affordable Housing

Overall, there were differing views on the impact of STRs on housing availability on the island. Some community members shared stories about having to find more affordable housing in the last couple of years. Some participants who rent their properties for year-round housing expressed difficulty keeping rents low because their costs keep rising. Others also raised concerns that the summer short-term rental market impedes the ability to have affordable year-round housing. Several groups noted that affordable housing challenges are not caused by STRs, but that "it's a problem everywhere." Some groups asked for data about how many homes for year-rounders had been converted to STRs. Further, many felt that regulating STR's will not create more affordable housing or less congestion on the island.

Traffic and Noise

Several groups noted that there has been lots of traffic, which is inconvenient. While some have not had any issues with noise, others have experience noise nuisance in their neighborhoods yet struggled to imagine solutions to the problem (because they "would hate to call the cops"). Some noted that they have noticed more noise with houses that have pools, and that it is not always STRs that are creating a nuisance.

Economic Impacts

The biggest concern for some community members was the financial impact rental restrictions would have on families. Many groups noted that seasonal residents that have rented their homes for years need the rental income to maintain the property. There were serious concerns about the future for these seasonal residents if they were no longer able to rent short-term. Year-round residents also noted that they want to be able to rent their properties. Several people talked about how they want their families to continue living here, whether seasonally or full-time. One member said, "I want to have my granddaughter be able to enjoy the island as I have."

Some groups also raised worries about the cleaners, caretakers, and workers whose jobs depend on seasonal renters, and noted that they were not present in this conversation. They suggested that there be more outreach to include those voices in this process. Many groups raised the concern that Nantucket's

economy was at least somewhat dependent on STRs and advocated a "balance between control and economic need."

Relationships With Renters

Many participants who operate or have operated STRs shared their personal experience with renters. Most who spoke about renting their properties have not had any issues with renters. Some groups had no participants reporting any "bad interactions" with rental properties or abutting properties, or minimal complaints, though other groups had participants who experienced problematic behavior from renters, including noise and trash complaints. Many described having the same families using their rentals summer after summer. Others noted that online bookings have changed the vetting process. One group agreed that local brokers have higher vetting standards and are part of the enforcement process for the homes they rent. Some felt that having a caretaker on site could help mitigate issues with renters. Some members shared troubles they have had in the past with teenage renters. Groups felt that common sense rules for renters had worked for many and should be encouraged for all STRs.

Population Growth

Some groups discussed how the island's population growth overall raised fundamental concerns about balance with nature. One member said, "Nantucket has outgrown the place it used to be." Issues like congestion, water quality, and traffic are all impacted by the number of residents and visitors on the island and becomes a quality-of-life issue.

Registration

One group thought a registration process should be a part of the STR regulations, so that the town can get in touch with owners or operators. This database could also register long-term rentals so we can see the big picture and trends in the housing stock.

After 35 minutes, Stacie brought all the breakout groups to plenary.

Presentation: Current Thinking on STR Regulations from STRWG

Stacie then gave a brief presentation on some of the policy ideas that the STRWG had come to so far. This includes the following:

- Limit/eliminate "business" STRs - those not owned/operated by "Natural Persons"
- Adopt the 3% Community Impact Fee (which applies to operators with 2+ STRs exempting personal home) to fund infrastructure, affordable housing, or other Town priorities
- Define caps on the total number of STRs on the island
 - By neighborhood?
 - Reduce overall numbers through attrition
- Protect STRs for locals (and unique situations)
- Limit the number of rental leases or weeks allowed per unit in high season
- Limit to 1 STR rental per week per unit

She then asked community members to consider their thoughts about these approaches to address STRs on Nantucket, with the following prompts: *What do you like about the ideas being explored by the STRWG so far? How would you add or improve them?*

The following synthesizes the key themes shared back by notetakers:

Identifying the Problem

Several groups felt like the STRWG had still not defined what problem they were trying to solve. Some people did not see a relationship between the problems that had been brought up (like affordable housing or noise) and STRs. There was serious concern that we are "putting the cart before the house" and could seriously harm the community and people's financial situation with these policies. One group advised the STRWG that they need to be using specific and coherent definitions. One group felt that the core issue was the number of visitors – it was desirable and easy to visit Nantucket, and the expansion of vacation rentals are a symptom of that problem. Several groups also noted the importance of data to figure out if there is a problem. One group was nervous that the group would not have enough time to agree on policy solutions in time for a fall special Town Meeting. One group named the following as "problems": There is an increase in overcrowding and overdevelopment. Year-rounders can't find housing, as homes are sold as second homes or STRs.

Rules and Enforcement

Some groups expressed concerns about approaches that felt micro-managing (like 1-week minimums), and that they would be impossible to administer. Other groups felt that enforcement was key and should be considered as the WG comes up with policy levers. Another group noted that over-regulation would actually increase the cost of STRs and make it harder for people with a connection to the island to visit. Several groups raised concern and confusion about the Article 39 and Health Regulations that were going into effect and wanted more guidance from the Town.

Caps

Some felt confused about how caps would work and wanted more information on their implications. While some liked the idea of caps with attrition, others felt that it would not be a feasible option. Others felt that caps do not work "and come back to bite you." One group had questions about who would define the caps and determine their size over time. One group asked who would choose which neighborhoods would have caps and which would not?

Grandfathering and Sunset

One group felt that grandfathering and sunset rules should be used generously in the regulations.

One Week Minimums

Several groups discussed the idea of one-week minimums and thought it could use more consideration from the Working Group.

Registry

One group liked the idea of the registry and felt that monitoring would provide useful information about "nuisance properties and repeat offenders."

Community Impact Fee

Several groups liked the idea of a community impact fee. One group that the community impact fee should be applied to those who have more than one property being rented. One member asked what the purpose of the community impact fee was – was it to discourage purchases or improve infrastructure? Some felt that the 3% was not enough.

Taxes

Some groups felt that homes used primarily or entirely as STRs should be taxed at the commercial property tax rate. One group suggested earmarking the rental tax revenue to subsidize affordable housing. Another group wanted to have monetary penalties attached to these policies to incentive compliance. Some groups felt that there should be no additional taxes, and that 11.7% was enough.

Lawsuits

People had questions about how the outcomes of current legal processes related to STRs will impact the policies brought forward by this group. They also felt that this group needs to act urgently as community members fear lawsuits against them. Other groups mentioned their concern over new lawsuits if the regulations treated year-round residents differently than seasonal ones.

Other Policy Ideas

Participants offered the following additional policy ideas:

- Require that any new STR produce alternative energy or credits to overcome the need for infrastructure
- Allow solar to be installed in STR properties
- Incentivize multi-unit owners of STRs to rent long-term
- Limit the number of cars that STRs can bring to the island (1 car per x rooms)
- Limit STRs to one property per person/entity
- The Town should stop approving the construction of large homes
- The Town can use some of the land they own to build tiny houses with compostable toilets for year-round workers ("Surfside Crossing isn't going to do it")
- Take successful examples from places like Palm Springs and Atlanta and implement them on Nantucket

Next Steps

Stacie Smith went over the next steps and action items:

- CBI will create a meeting summary
- CBI will update the Working Group on the next meeting after the New Year
- CBI will hold another public input session later in this process

Stacie thanked everyone for their participation and closed the meeting.

Appendix A: Subgroup Members and Attendance

Working Group Members

John Kitchener, At Large
Karen Zagayko, At Large
Dave Iverson, Planning Board Member
Peter Schaeffer, Finance Committee Member
Julie Lindner, ACK Now
Thomas Dixon, Affordable Housing Advocate
Jim Sulzer, At Large
Kathy Baird, Nantucket Together
Peter Kahn, Advisory Committee of Non-Voting Taxpayers
Meri Lepore, Board of Health Designee (Non-voting)

Working Group Alternates:

Meri Lepore, Board of Health Designee (Non-voting)
Robin Nydes, Nantucket Together
Jon Delano, At Large

Working Group Staff

Stacie Smith, Consensus Building Institute
Simenesh Semine, Consensus Building Institute
Megan Trudel, Planning Department Liaison
Adrian Rodriguez, Administrative Team